

IN THE CHANCERY COURT FOR DAVIDSON COUNTY, TENNESSEE FOR THE TWENTIETH
JUDICIAL DISTRICT AT NASHVILLE

STATE OF TENNESSEE,
Petitioner,

v.

U. S. REPUBLIC COMMUNICATIONS, INC.,
A Texas corporation

Respondent.

PETITION

Paul G. Summers, Attorney General and Reporter for the State of Tennessee, (hereinafter "Attorney General"), files this Petition pursuant to Tenn. Code Ann. § 47-18-107 of the Tennessee Consumer Protection Act of 1977 (hereinafter "the Act"), and would respectfully show the Court as follows:

1. The Attorney General, acting pursuant to the Act, has investigated certain acts and practices of U. S. Republic Communications, Inc., a Texas corporation (hereinafter, "Respondent" or "U. S. Republic"). Upon completion of such investigation, the Attorney General has determined that certain of Respondent's acts and practices, more specifically described in Paragraph 2 of this Petition, constitute unfair and deceptive acts or practices affecting the conduct of trade or commerce in the State of Tennessee in violation of Tenn. Code Ann. § 47-18-101 *et seq.* (the Tennessee Consumer Protection Act). More specifically, Respondent's conduct is violative of Tenn. Code Ann. §§ 47-18-104(a), (b)(5), (b)(12), (b)(27), Tenn. Code Ann. § 47-18-120 and Tenn. Code Ann. § 65-4-125(b).

2. Based upon the investigation of Respondent, the Attorney General alleges the following:

(A) Respondent is a Texas corporation. In 1996, U.S. Republic was formed to offer reseller long distance service to consumers. In 1998, U.S. Republic also began offering web hosting services to consumers. Respondent billed those web hosting services to consumers on the consumers' local exchange carrier bill.

(B) In 1998, Respondent commenced offering "free" web page hosting services to consumers via telemarketing sales calls. As part of those telemarketing activities, Respondent failed to clearly and conspicuously inform consumers of the verifiable retail value of the web hosting services. Respondent also did not clearly and conspicuously inform consumers that if he/she did not cancel the web hosting services he/she would be billed a set amount on their long distance telephone bill. In addition, Respondent failed to clearly and conspicuously disclose the cost of the web hosting service for consumers after the initial "free" trial period.

(C) Respondent placed charges for web page hosting services on Tennessee consumer telephone bills without the permission of the consumer.

(D) Respondent continued to charge Tennessee consumers for web page hosting services even after being informed by consumers that the charges were unauthorized.

(E) In some cases, Respondent failed to provide the web page hosting services promoted to Tennessee consumers.

(F) Respondent has informed the State that it has ceased doing business in the State of Tennessee. Specifically, Respondent sold its long distance reselling business to Alliance Communication around December of 1999 and its web hosting service to Prodigy in October of 1999.

(G) Respondent's conduct constitutes unfair and deceptive acts or practices.

3. Respondent disputes the State's characterization of its business practices in paragraph A of the Assurance and of Paragraph 2 (A-G) above.

4. The Attorney General entered into negotiations with Respondent and the parties have agreed to, and the Division has approved, the attached Assurance of Voluntary Compliance.

5. In accordance with the provisions of Tenn. Code Ann. § 47-18-107(c), the execution, delivery and filing of the Assurance does not constitute an admission of prior violation of the Act.

6. The Division, the Attorney General, and the Respondent, the parties who are primarily interested in the matters set forth in Paragraph 2 hereof, have jointly agreed to the Assurance of Voluntary Compliance and join in its filing.

PREMISES CONSIDERED, Petitioner prays

1. That this Petition be filed without cost bond pursuant to the provisions of Tenn. Code Ann. §§ 20-13-101 and 47-18-116.
2. That the Assurance of Voluntary Compliance be approved and filed in accordance with the provisions of the Tennessee Consumer Protection Act.